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STUDY OF

THE LANDSCAPE INDUSTRY IN

ATLANTIC CANADA

--EXECUTIVE SUMMARY--

Prepared For:

Landscape Atlantic
Atlantic Provinces Nursery Trades Association
Bedford, N.S.

Prepared By:

Baseline Market Research
Fredericton, N.B.

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The views expressed or the conclusions presented do not necessarily reflect the stated policies of the Federal or Provincial Governments.

NOTE TO THE READER

This document provides a summary of the Study of the Landscape Industry in Atlantic Canada. It does not contain the complete findings and conclusions expressed in the main report which was prepared for Landscape Atlantic in Bedford, N.S. This executive summary was prepared to highlight the findings and major recommendations and is designed to serve as a guide to the main report.

Because this report merely summarizes main points from the overall study, one is encouraged to review the complete report in order to develop a detailed perspective on the functioning of the landscape industry in the Atlantic region.

INTRODUCTION

In March, 1986, Landscape Atlantic, the Atlantic Provinces Nursery Trades Association, commissioned Baseline Market Research of Fredericton, New Brunswick to undertake necessary research activities to produce a market development plan for the landscape and ornamentals nursery sector of the industry in the Atlantic region. The study summarized in this report was carried out by Baseline Market Research in conjunction with Currie Associates and Design Collaborative, both also located in Fredericton, N.B. This summary provides a brief overview of some of the information collected through this research effort and concludes with a series of recommendations to improve the marketing capabilities of each sector of the industry. A full report of the results of all activities is available in the project report submitted to Landscape Atlantic. Both documents together provide a framework that can be used as a guide to assist government, Landscape Atlantic, and industry participants to formulate and promote future growth and development of the landscape industry in the Atlantic region.

RESEARCH OUTPUT

INDUSTRY PROFILE

Through a mail survey and contacts to develop information for a business directory for the Atlantic region, 207 firms were identified as active participants in the landscape industry. For the purpose of this study "landscape industry participant" was defined as any firm which had a nursery, garden center, or sod operation or provided

services in at least one of the following areas: hydroseeding, brokerage, landscape maintenance, spray contracting, interior landscaping, landscape design or landscape contracting. Any firm providing at least one of these services and responding to requests for basic information about the firm was deemed an active industry participant.

Of those identified, the following table summarizes the major services offered through these firms.

TABLE 1
DISTRIBUTION OF SERVICES
OVERALL INDUSTRY

TYPE OF SERVICE OFFERED	PROPORTION OF FIRMS OFFERING THE SERVICE
NURSERY OPERATION	40%
GARDEN CENTER	48%
SOD PRODUCTION	10%
LANDSCAPE CONTRACTING	53%

The information in Table 1 can also be presented for each of the four provinces involved in this study.

TABLE 2
NUMBER OF FIRMS OFFERING
LANDSCAPE-RELATED SERVICES
ATLANTIC REGION
N=207

PROVINCES	SERVICES: NURSERY	GARDEN CENTER	SOD PRODUCER	LANDSCAPE CONTRACTOR
NEW BRUNSWICK (N=84)	24	35	5	46
NOVA SCOTIA (N=73)	31	33	11	40
P.E.I. (N=24)	10	13	4	15
NEWFOUNDLAND (N=26)	18	17	0	8

FINANCIAL OPERATIONS OF ATLANTIC FIRMS

The following table summarizes the financial information collected from the firms which responded to the study. It demonstrates the gross, pre-tax revenue for their landscape businesses in Atlantic Canada:

TABLE 3
SUMMARY OF FINANCIAL OPERATIONS

ANNUAL BUSINESS REVENUE	AVERAGE CAPITAL INVESTMENT	AVERAGE RATIO: REV/CAP	AVERAGE PAYROLL	AVERAGE RATIO PAY/REV
MORE THAN $ 600,000	798,333	1.26	341,271	33%
$ 200,000 TO 600,000	219,380	1.16	77,150	37%
LESS THAN $ 200,000	62,580	1.05	20,830	40%

Using the material submitted by each firm, it is possible to summarize the <u>overall</u> industry in Atlantic Canada through use of the following averages:

TABLE 4

ALL FIRMS:

BUSINESS REVENUE	AVERAGE CAPITAL INVESTMENT	AVERAGE RATIO: REV/CAP	AVERAGE PAYROLL	AVERAGE RATIO PAY/REV
$ 311,460	$270,742	$1.21	$110,366	36%

STANDARD DEVIATION =$.82

One could conclude from the figures in Table 5 that a landscape related business should expect an average return of $1.21 in total sales revenue from each dollar of capital investment.

One should also expect, on average, to have 36% of the total sales revenue required to meet the total payroll costs of a business.

EMPLOYEES IN THE LANDSCAPE INDUSTRY

Along with an estimate of the overall financial impact of the industry, it is also important to expand that assessment through the development of an understanding of the role the industry plays in regional employment.

Based on the responses received in this survey, the following observations can be made about employment in the landscape industry in the Atlantic region.

On average, the businesses responding to this survey reported that they employ a total of 12 people in their business operations, most on a seasonal or part-time basis.

Each respondent was asked to indicate the distribution of employees and the average wages paid per hour. Table 5 summarizes the information collected. In reading from this table one could say, for example, that 13% reported that they employed office or sales personnel on a permanent, part-time basis and that they employed an average of 1.5 permanent, part-time people.

The average payroll of a landscape business providing a variety of services in Atlantic Canada is $110,366 and the majority of firms employ one manager on a full-time basis and the balance of staff on a part-time or seasonal basis. Comparable data on a provincial basis is presented in the body of the report.

TABLE 5
DISTRIBUTION OF EMPLOYEES WITHIN FIRMS

EMPLOYEE CLASSIFICATION	PERCENT OF FIRMS REPORTING POSITIONS	AVERAGE NUMBER EMPLOYED	AVERAGE WAGES PAID
MANAGERS:			$11.00
PERMANENT, FULL-TIME	52%	1.6	
PERMANENT, PART-TIME	13%	1.1	
SEASONAL, FULL-TIME	23%	1.9	
SEASONAL, PART-TIME	2%	1.0	
FOREMEN:			$ 8.33
PERMANENT, FULL-TIME	17%	1.83	
PERMANENT, PART-TIME	4%	2.0	
SEASONAL, FULL-TIME	35%	2.0	
SEASONAL, PART-TIME	6%	1.75	
SKILLED LABOUR			$ 6.95
PERMANENT, FULL-TIME	14%	2.0	
PERMANENT, PART-TIME	12%	2.0	
SEASONAL, FULL-TIME	39%	4.1	
SEASONAL, PART-TIME	9%	2.1	
UNSKILLED LABOUR			$ 5.10
PERMANENT, FULL-TIME	4%	5.3	
PERMANENT, PART-TIME	7%	5.8	
SEASONAL, FULL-TIME	33%	5.6	
SEASONAL, PART-TIME	42%	9.1	
EQUIPMENT OPERATORS			$ 8.48
PERMANENT, FULL-TIME	3%	3.0	
PERMANENT, PART-TIME	7%	2.6	
SEASONAL, FULL-TIME	22%	2.6	
SEASONAL, PART-TIME	-0-	-0-	
SALES AND OFFICE STAFF			$ 6.64
PERMANENT, FULL-TIME	23%	3.8	
PERMANENT, PART-TIME	13%	1.5	
SEASONAL, FULL-TIME	18%	1.4	
SEASONAL, PART-TIME	10%	1.2	

ECONOMIC IMPACT OF THE LANDSCAPE INDUSTRY IN THE ATLANTIC REGION

Questions were designed to assess the overall, economic impact of the industry on Atlantic Canada. The material presented in the preceding sections provide the basis for assessing the economic impact of the landscape industry in Atlantic Canada.

The landscape industry is projected to have a minimum economic value of $21,404,608.

Based on the information collected from this study, one can conclude that the average gross revenue for a landscape-related business offering a variety of services in Atlantic Canada is $311,460

Respondents to the mail survey reported that, on average, 17 people were supported by each business operation. This number includes business owners, employees and families whose support is derived directly from landscape-related operations. If this number is projected to all firms in the Atlantic region one could assert that a minimum of 3,519 people are supported by the industry in Atlantic Canada. (As noted previously, this number may be somewhat overstated because of the assumption that many of the larger nurseries responded to this study). In Nova Scotia respondents report that 20 people were supported by the average firm and New Brunswick reported that 19 people were supported by the average firm. Newfoundland and Prince Edward Island average was 11 people per firm. The landscape industry employs a total of 2,813 people on a full or part-time basis in the Atlantic region.

Table 6 provides an overall comparison of the landscape industry in the Atlantic provinces. It summarizes the economic impact in terms of investment, employment and payroll, revenues and physical resources available. The economic impact of each sector of the industry is outlined in the body of the report.

TABLE 6
PROVINCIAL COMPARISON SUMMARY
LANDSCAPE ATLANTIC RESEARCH PROJECT
1986

CATEGORY	NEW BRUNSWICK	NOVA SCOTIA	NFLD. & P.E.I.
TOTAL CAPITAL INVESTMENT			
LESS THAN $ 20,000	5%	5%	20%
$20-50,000	37%	20%	20%
$51-100,000	26%	10%	20%
MORE THAN $100,000	32%	65%	40%
AVERAGE NUMBER OF PEOPLE SUPPORTED	19	20	11
TOTAL NUMBER EMPLOYED	438	414	80
AVERAGE NUMBER OF PEOPLE EMPLOYED	14	19	5
AVERAGE ANNUAL PAYROLL			
LESS THAN $ 20,000	3%	5%	30%
$20-50,000	37%	37%	50%
$51-100,000	26%	5%	20%
MORE THAN $100,000	34%	53%	0%
RE WAGES			
FOR MANAGERS	$10.77	$12.23	$9.60
FOR FOREMEN	8.07	8.83	8.20
FOR SKILLED LABOUR	6.85	7.13	6.88
FOR UNSKILLED LABOUR	5.05	5.25	5.0
FOR EQUIPMENT OPERATORS	8.70	8.57	6.33
FOR SALES AND OFFICE PERSONNEL	6.00	7.64	6.33
AVERAGE ACRES AVAILABLE TO FIRMS	121	194	25
AVERAGE FIELD ACREAGE PER FIRM	102	145	N/A
AVERAGE GROSS SALES PER FIRM	$307,866	$389,317	$72,111
NUMBER OF MULTI-SERVICE FIRMS	24	31	27
ESTIMATED OVERALL SALES VOLUME	$7,388,784	$12,068,827	$1,946,997

NURSERIES IN ATLANTIC CANADA

OVERVIEW

Based on responses received from both the mail survey and directory contact, it is estimated that at least 84 nurseries are in operation in Atlantic Canada. Of those nurseries, it is expected that only a very small number would be operated without providing more than one landscape-related service.

PATTERNS OF CHANGE

Each respondent in this survey was asked to provide a summary of changes in the operations of their nurseries over the past five years. Based on responses received, one can conclude that most nursery operations in the Atlantic region have increased the size and scope of their overall operation: 88% of firms operating nurseries reported that the size of their operation had increased over the past five years.

Among nurseries, 58% reported that they had made changes in the way in which they actually run their operations. For example, among those who reported changes in operation 29% reported that the major changes resulted from an increase in the size of the operation, and 17% reported changes related to the fact that they grow more of their trees for longer periods of time.

Of those who have a nursery operation in Atlantic Canada, 42% reported that they had made significant changes in the types of products which they make available to customers.

Some of the major changes reported are as follows:

--major changes in the size and varieties of plants stocked and sold;

--major changes have been ma in the quality of plants offered to the customer through more training and information;

--some firms reported that they had started to propagate their plants and others reported that they had increased their production of larger trees.

In general, the respondents in this study indicated that the major change affecting their operation involved the development of better products for their customers through their professional development as nurserymen.

The data collected from nurseries in the Atlantic region suggest that between 50% and 70% of plants in all categories are imported from other areas for resale in the Atlantic provinces. It would seem that a market opportunity exists for those nurseries producing saleable plants to displace imports. However, this consideration requires further analysis and is to be discussed in the section presenting recommendations for this report.

The information collected in this section of the study confirms that nursery operations in the Atlantic region are a growth industry with sufficient market opportunity for expansion by both market development and import displacement. The specific suggestions for growth are contained in the final section of this summary.

GARDEN CENTERS IN THE ATLANTIC REGION

OVERVIEW

As indicated in the summary of contacts presented elsewhere in the body of the report, this research effort identified at least 98 non-chain garden centers in business in Atlantic Canada. Information on thirty-two of those centers have been collected through this research effort.

Based on responses received, the average service or draw area for a garden center operation is a thirty mile radius.

Eighty-eight percent of the firms responding to this study indicated that they had only one garden center operation while twelve percent reported more than one garden center as a part of their business.

The information collected suggests that few garden centers are actively involved in the area of crafts and gifts or hard goods. In general it appears that nursery stock and bedding plants continue to constitute the bulk of the garden center business in the region.

The information on plant material suggests that annuals, perennials and evergreen shrubs are the materials most likely to be supplied by Atlantic nurseries. Conversely, garden center operators appear to purchase the majority of other plant material from the United States or other areas of Canada. The potential replacement value appears significant, if the plants demanded can be produced competitively in this region. This potential is discussed in the recommendations of this report.

The data collected indicate that the majority of garden centres reported purchasing their plant material from regional wholesale nurseries. However, when reviewing the responses received from nursery operators, these respondents (the reported suppliers of garden centres in the Atlantic region) indicated that they purchased a significant volume of their plant material from outside the region, as demonstrated in Table 7:

TABLE 7
IMPORT SUMMARY OF WHOLESALE NURSERIES

PLANT TYPE	PROPORTION OF SALEABLE PLANTS IMPORTED ANNUALLY
LESS THAN 45MM	72%
MORE THAN 45MM	60%
FRUIT TREES	58%
SMALL FRUITS	58%
EVERGREENS:	
TREES	66%
SHRUBS	45%
DECIDUOUS SHRUBS	65%
BROADLEAF	54%
GROUND COVER	70%
ROSES	86%
PERENNIALS	< 5%

SEASONALITY OF GARDEN CENTER OPERATIONS

As an added insight to overall operations, each garden center operator was asked to indicate the months of operation for the business and the volume of business. The following table summarizes the material collected:

TABLE 8

MONTH	NUMBER OF FIRMS OPERATING	PERCENT OF ANNUAL REVENUE GENERATED
JANUARY	6	2%
FEBRUARY	6	4%
MARCH	7	4%
APRIL	18	15%
MAY	28	36%
JUNE	29	35%
JULY	25	13%
AUGUST	24	9%
SEPTEMBER	24	11%
OCTOBER	19	10%
NOVEMBER	14	11%
DECEMBER	7	7%

The responses in this study confirm the established patterns of operation for the industry. It is interesting to note the potential volume available in the fall months and the extremely low level of sales in January, February and March. Certainly, if one is planning to enter the business and have staff employed on a full-time basis one will have to carefully plan for projected cash flow needs from December through to early spring.

LANDSCAPE CONTRACTORS IN THE ATLANTIC REGION

OVERVIEW

Landscape contracting is one of the services more commonly provided by industry participants. Of the people who responded to the mail survey, 56% reported that they provided landscaping services or considered themselves to be landscape contractors. In the overall contacts with the 207 firms in the industry, 53% reported that they considered themselves as providers of landscape contracting services.

While this area of service is often discussed in terms of the number of firms which enter and leave the business, respondents to this study appeared to have maintained a reasonable level of involvement with contracting services. Respondents reported that they have been involved in the landscape contracting business for an average of 11 years. This should serve as an indicator that firms involved in this study are, perhaps, among the more active participants or the larger participants in the industry, if longevity could be considered as a predictor for growth and development.

Based on responses received from contractors, this is a growing sector of the industry with 54% of all contractors predicting an increase in demand for their services over the next five years.

VOLUME OF BUSINESS ACTIVITY

Along with developing an understanding of the source and distribution of revenues within the contracting business, this study also collected sufficient information to provide the summary shown by Table 24 of horticultural products used by landscape contractors in the Atlantic region.

To supplement the information about the understanding of the landscape contracting business presented in the preceding pages, each respondent involved in this business was asked to provide an assessment of the different markets served by his/her business. Table 9 summarizes the responses received.

TABLE 9
VOLUME OF CONTRACTING BUSINESS
GENERATED FROM DIFFERENT MARKETS

MARKET	NUMBER OF FIRMS REPORTING	AVERAGE MARKET SHARE
BUILDING CONTRACTORS	30	20%
GOVERNMENT AGENCIES	27	20%
COMMERCIAL CUSTOMERS	35	22%
INDIVIDUAL HOME OWNERS	39	49%
OTHER CUSTOMER GROUPS	6	12%

The information in Table 9 suggests that the landscape contracting business in the Atlantic region continues to be heavily dependent on the individual home owner. Given the growth potential for this section (to be demonstrated in the material collected through the consumer study) and the potential for development in the government and commercial sectors, this does appear to be another aspect of the industry with a high growth potential.

The potential for growth seems substantiated by the recent growth in the industry. Ninety-two percent of those who responded to this study reported that the overall volume of their business had increased over the last five years.

SOD PRODUCERS IN THE ATLANTIC REGION

OVERVIEW

Of the 207 firms contacted through this research effort, twenty firms reported that they had some type of sod operation. Ten of the twenty firms with a sod operation responded to the mail survey.

Based on the responses received, one concludes that sod operations in the Atlantic region are either fairly large (more than 400 acres) or fairly small (less than 50 acres). The respondents reported overall acreages between one and over one thousand acres. The wide variation in size renders any expression of average acreage useless. Of the ten people who responded to questions about their sod operations, three reported more than 400 acres under cultivation in 1985 and six reported to have 50 acres or less under cultivation in 1985.

The operator producing sod in the Atlantic region has been involved in the sod growing business for an average of 10 years. Of those who responded, only two had started their operations within the last three years.

Those who had been in the sod business for longer than one year all reported that the amount of land they used for sod production had increased over the past several years.

VOLUME OF BUSINESS ACTIVITIES

Based on the responses received, the average total dollar value of sales at the wholesale level generated from sod is approximately $885 per acre. Overall, the respondents in this study reported a total of 2,080 acres to yield a minimum sales revenue of at least $ 1,840,000 (2,080 x $885).

The range of sales generated per acre varies significantly within the Atlantic region. For example, among those producers who have more than 400 acres the sales dollars generated per acre range from a high of $1200 to a low of $250. Among those with less than 400 acres, the range of sales generated per acre is between $2300 and $950.

If the assumption is made that the producers who did not respond to this study do not differ significantly from those who responded, one could estimate the total wholesale value of the industry at $3,680,000 (1,840,000 x 2).

However, because one producer represents a significant percent of the total acreage for the industry, it is suggested that a factor of 1.5 be used to project the estimate of the overall size of this industry. One could therefore estimate the overall amount of acres used in sod production at 3,120 (2,080 x 1.5) and thus estimate the total wholesale value of the industry at $2,761,000 (3,120 x $885/acre).

The overall volume of the industry has been growing steadily, based on the responses from producers. The following table summarizes respondents assessment of the overall growth in total sales for each of the last five years:

TABLE 10
ANNUAL RATE OF INCREASE IN OVERALL SALES

YEAR	NUMBER REPORTING	AVERAGE PERCENT INCREASE IN SALES
1981	6	13%
1982	6	15%
1983	6	15%
1984	6	30%
1985	6	18%

As with other sectors of the industry, one should be able to expect a continued increase in the total acreage in sod production, given that six of ten respondents reported that they thought that their production of sod would be increasing over the next five years.

SURVEY OF THE CHAIN STORES

OVERVIEW

Aside from a 1981 study conducted in New Brunswick there is little current documentation for the Atlantic provinces as to the involvement of the chain stores in the marketing of nursery stock and the relative importance of these stores in each of the provincial markets. This information on the buying habits and needs of these retailers will help regional suppliers of nursery stock to identify the extent to which they can develop marketing opportunities. The following material provides a summary of essential information collected about the buyers for major chains serving Atlantic Canada.

The survey conducted involved efforts to contact 10 chain store operations representing 82 garden centers in the Atlantic provinces. Detailed information was obtained from three chains. Two of the chains contacted provided comprehensive information which allowed for the calculation of provincial totals by plant groups. Several other chains provided aggregate information for the region, with no provincial breakdowns.

OVERALL BUSINESS VOLUME

The total wholesale value of the nursery plant material purchased is estimated to be approximately $754,000 with an estimated (based on an approximate average mark-up of 50%) retail value of $1,126,000.

Both trees and shrubs account for approximately 39% of the total volume of the industry sales. Rosebushes account for about 34% of total sales while ornamental trees account for approximately 10% of overall volume. Fruit trees account for about 4% of the total volume. The other products account for the balance of sales (approximately, 13%).

Of plant products sold through chains, discount department stores account for 53% of sales, full line department stores at 5% and grocery stores at 23%. Grocery stores continue to experiment with sales of nursery stocks but their purchases continue to make up a relatively insignificant proportion of the total market, except in the case of roses and perennials. The cooperatives are the main supermarket outlets for nursery stock. Automotive chains continue to remain an insignificant factor in the distribution channel for nursery stock, but a number of store managers associated with automotive chains reported that they were considering the addition of nursery stock to their product line.

The consensus of store managers was that foliage plants and bedding plants have an annual sales value of approximately ten times that of nursery stock.

There is one major mail order catalogue retailer in the region-Sears Canada Inc. The head office buyer reported that catalogue sales of nursery stock considerably exceeds those of the three major garden centers operated by Sears in the Atlantic region.

On the basis of the data gathered through the interview process one can estimate that local nurserymen supply less than 7% of the nursery stock sold through chain stores in Atlantic Canada. If one discounts the impact of roses, the market captured by regional suppliers approaches 10%.

REPLACEMENT POTENTIAL FOR ATLANTIC NURSERIES

Based on the discussions held with buyers, the outlook for increased demand for nursery stock through chain outlets in the region is somewhat mixed. None of the personnel interviewed anticipated any significant increase in overall product demand. However, changes do occur on a regular basis because of on-going evaluation of the profitability of the product lines which could lead to a development of new opportunities. In fact, one full line department store reported that they frequently considered dropping the plant line because of perishability and lack of overall profitability. On the other hand, two regional chains in the grocery area are experimenting with adding horticultural products from local suppliers to their line; however, both chains raised questions about the overall contribution to profit of the line.

While some changes in product lines may produce new opportunities, the key issue for local nurseries involves the replacement of products imported from outside the region. Based on the interviews conducted, it is concluded that some moderate potential exists for regional firms, but those firms will have to match the prices charged by Ontario firms and be able to confirm the ability to deliver a quality product on a consistent basis. The opportunity to supply chains will depend on the aggressive efforts of individual firms interested in supplying the major chains in the Atlantic Region.

SURVEY OF ATLANTIC REGION CONSUMERS

OVERVIEW

One of the primary purposes of this research effort mandated the collection of sufficient information about different market conditions to facilitate the development of effective marketing strategies. As suggested elsewhere in this study, the consumer market constitutes a significant portion of the overall market for the landscape industry in Atlantic Canada. Therefore, it is essential that the industry understand the attitudes, preferences and behaviours of people who consume the products and services offered through related industries in the region.

The following sections provide a brief summary of the information collected from consumers in Atlantic Canada. More information is available in the detailed report.

MONEY SPENT ON PLANT MATERIAL

Respondents who purchased any type of plant material were asked the total amount of money they had spent on any type of trees, shrubs or related plant material over a two year period. The following table summarizes the reported responses:

TABLE 11
BIENNIAL EXPENDITURES FOR PLANT MATERIAL

AMOUNT SPENT	PERCENT REPORTING
$10 OR LESS	7%
$11-20	8%
$21-30	11%
$31-40	4%
$41-50	13%
$51-75	7%
$76-100	11%
$101-200	18%
$200-1000	16%
MORE THAN $1000	5%
	100%

Reviewing and converting the amount spent biennially, an average annual estimate of $112.82 per household was determined. This amount is used in projecting the overall size of the consumer market in urban areas.

Analysis revealed some differences in average expenditures in the different cities, as summarized in the following table:

TABLE 12
ANNUAL EXPENDITURES FOR PLANT MATERIAL BY CITY

CITY	AVERAGE ANNUAL EXPENDITURES
ST. JOHN'S	$ 66.96
CHARLOTTETOWN	76.07
MONCTON	117.23
FREDERICTON	75.42
HALIFAX	148.06
SYDNEY	105.13

When asked what they would spend over the next two years twenty-seven percent reported that they would spend more than they had spent over the last two years, thirty-eight percent reported that they would likely spend the same amount and thirty-five percent reported that they planned to spend less money over the next two years.

THE USE OF LANDSCAPE CONTRACTORS

When asked if they had used any type of services provided by landscape contractors for their yard or garden areas over the last two years, thirteen percent of the respondents reported use of these services.

The average annual reported expenditure per household for those using landscape services was $311.

THE USE OF RELATED PRODUCTS AND SERVICES

Because of the importance of lawn and yard care to the consumer and the industry, each respondent was asked about his/her use of the products available. It was observed that, in general, while people may buy these products they do not spend a great deal of money on them. It would appear that efforts to attract this market should also involve efforts to increase average expenditures to make the sales volume worth the effort.

All respondents were asked if they would use the services of a landscape architect in the future. Ninety-two percent reported that they would not be likely to use such services in the future. Based on this one would suggest that this is not yet a service which is likely to achieve a high level of utilization in the short run in the consumer market.

POTENTIAL SALES ESTIMATES IN THE CONSUMER MARKET

Using the material collected through this study of the consumer market one can estimate the overall potential for the industry. This estimate of potential sales in this market is based on the following assumptions:

a) On average, 65% of the homes with yard or lawn areas are potential consumers of landscape material, and of those, the majority consist of single and duplex family units.

b) The average annual expenditure varies within each city surveyed and can be used as an estimator of potential sales in plant material.

c) On average, approximately 13% of eligible households use the services of a landscape contractor. The overall average expenditure for landscape contractor services is $311/household (based on survey data estimates). The numbers reported were too small to allow for calculation of area averages.

The estimated market potential for sales of plant material is based on the following formula:

POTENTIAL CONSUMER MARKET VALUE=TOTAL NUMBER OF SINGLE/DUPLEX UNITS X 65% X AVERAGE $ PER AREA

POTENTIAL CONTRACTING SALES = TOTAL NUMBER OF SINGLE/DUPLEX UNITS X 65% X 13% X $311

The following table provides a detailed estimate of the market potential:

TABLE 13
VALUE OF CONSUMER MARKET FOR
LANDSCAPE PLANT MATERAIL

CITY	NUMBER OF SINGLE/ DUPLEX HOMES	ALLOCATED PERCENTAGE	AVERAGE EXPENDITURE	MARKET VALUE
CHARLOTTETOWN	9,735	65%	$ 76.07	$ 481,351
ST. JOHN'S	21,315	65	66.96	927,714
MONCTON	23,255	65	117.23	1,772,019
FREDERICTON	15,410	65	75.42	755,444
HALIFAX	52,205	65	148.06	5,024,157
SYDNEY	19,385	65	105.13	1,324,664
TOTAL	141,305			$10,285,349
CONTRACTING	141,305 X 65% X 13% X $311.00 =			$ 3,713,425
TOTAL CONSUMER MARKET POTENTIAL FOR PLANT MATERIAL AND LANDSCAPE CONTRACTING				$13,998,774

The total potential consumer market available thus has a value of $14 million.

RECOMMENDATIONS

CHAIN STORES

The interviews conducted with representatives of some of the major chains suggest that opportunity exists for regional nurseries. However, no precise estimate could be generated given the limitations which must be taken into account.

The following recommendations are presented as a practical and realistic approach to developing the chain stores as a potential market for Atlantic nurseries:

1) It is suggested that local nurseries attempt to supply those products which are most suitable for the Atlantic region and which can be grown in a way that allows for a somewhat lower overall wholesale cost to the chains (certainly a possibility, given the cost of freight). Research suggests that this would initially involve the sale of evergreens and deciduous trees. It is also suggested that these products be supplied through a combined business arrangement between at least two nurseries. This would allow for the development of a more specialized approach and could, over the long run, meet the competitive challenges from larger nurseries.

It is recommended that this market be approached only if a firm or firms is/are prepared to meet the demand for quantity and quality products.

2) If this market is to be approached, it will require direct, personalized contact with buyers. It will also require that time be allowed for formal presentations and supportive materials to substantiate the firm's ability to meet the needs of the chain approached.

If a firm is interested in tapping this market, it is further suggested that regional chains or local outlets be approached initially to build up a performance record prior to approaching major chains.

If a firm is able to develop a contract, that firm should take special steps to insure determination of the buyer's level of satisfaction with the product, the delivery and the overall service at periodic intervals. This seems essential to both maintaining a contract and in developing new contacts and contracts.

At least one regional chain is willing to work with a group of regional nurserymen who could provide high quality and well labelled products for development of a fall planting program. A volume market would be assured to the supplying group and this arrangement would not necessarily affect growers who are supplying this chain with nursery stock for the spring planting season.

GOVERNMENT MARKETS

In reviewing the material collected through this study certain recommendations appear to be especially relevant to developing the potential within the government market:

1) Initially efforts should be educational: informing the political and administrative arms of government of the importance of the industry in the Atlantic region, of the importance of the benefits of the products and services offered, of the employment potential in the industry and of the steps which can/should be taken by the governments to expand the industry.

2) Following the previous recommendations, efforts should next be directed at developing needed changes in regulations which could serve to increase the overall utilization of landscape products and services. Proposed changes could include the allocation of a specific dollar value or proportional value for soft landscaping on all capital works projects.

3) It is the view of the research team that efforts should also be directed at requiring the use of landscape architects or recognized consultants on all appropriate capital work projects. This would be an indirect approach to increasing the overall utilization of landscape-related products and services.

Efforts must be directed at both the federal and provincial government agencies to improve the use of landscaping services. The end result would be that government level projects could be working models to increase consumer knowledge and utilization regarding locally grown nursery stock.

As the process of changing the practices of government unfolds, one will be able to identify the wide range of regulations which have an impact on the industry. These should be evaluated by representatives of the industry and, when appropriate, action should be taken to bring about needed changes.

The material collected from municipal representatives suggests that increased use of landscape services will be a direct function of the advocacy or lobbying efforts of local businesses. It is suggested that the best approach, at the onset, would be to incorporate the recognition of the need, on the part of municipal staff, for information about the services and products provided by the industry.

Firms desiring to supply this market must also be aware that price and quality will be the most important factors in the buying decision.

Firms are also cautioned to monitor the satisfaction level with the products sold. The perceptions of the types of products and services provided are key points in continued business activity, especially at the local level.

LANDSCAPE CONTRACTORS

Many of the recommendations from the different sections of this report have a bearing on those in the landscape contracting industry; however, a few specific suggestions can be made for contractors:

1) First of all, landscape contractors are encouraged to develop solid business relationships with landscape architects. The interdependency of these groups have been made very clear in the research. Additionally, confirmed use of landscape architects greatly increases the potential for the landscape contractor.

2) Landscape contractors will reap the benefits of industry wide promotional efforts but they should also realize that promotional efforts specifically aimed at real estate developers could expand their market potential. Promotion should involve both personal contact and promotional material.

SOD PRODUCERS

In times of shortage of supply and high demand, as is the current situation, it is often difficult to see the need for marketing services; however, at such times it is important to understand customers, to identify potential problems and to monitor the overall competitive situation and use such information to plan needed changes.

This research effort has documented the potential for increased volume among sod producers, given the low level of product utilization. Promotional efforts suggested elsewhere should increase the overall demand for sod. However, this potential will also bring new producers into the market. We recommend that the successful producer adjust to the competitive changes by offering a product of higher quality or insuring a more consistent supply. These were the two attributes most commonly mentioned by landscape contractors regarding the availability of sod in this region.

THE CONSUMER MARKET

Information collected through this study has demonstrated that this market has a significant potential for growth. The following approaches are recommended for this market:

1) INDUSTRY WIDE APPROACH

The responses from consumers suggest that information or education of the consumer should be a high priority for the industry. Providing consumer education or information should be carried out to both reach potential customers and to increase the use of a wider variety of products and services by current buyers. To accomplish this the following approaches are recommended:

A) First of all, it is recommended that Landscape Atlantic develop a coordinated approach with greenhouse operators and suppliers of bedding plants to develop a series of seminars to be conducted in different areas of the provinces in early spring. These seminars would focus on the overall approaches to lawn and yards. These could be coordinated with local garden clubs and sponsored by area members of Landscape Atlantic and related nursery associations. These seminars should be considered as a more detailed educational approach and thus a supplement to any existing promotional programs such as shows or demonstrations.

The cooperative approach is recommended because there seems to be no evidence to suggest that the consumer sees significant differences between suppliers of landscape related material and greenhouse material such as bedding plants. We would argue that the consumer sees his/her yard as one area with the potential for a variety of products.

These seminars could first focus on how one should approach the development of a lawn or yard area and then pose a series of plans of action. These seminars could also serve as a question and answer period for consumers. This information could reduce the selling time for local suppliers by creating a more informed public.

This information could also serve to expand the market in an area because it would attract first time users and current users. It is suggested that this would only be a success if it is the result of a well-planned and well-developed approach to the region. We would suggest that a team approach be developed for each province and that each seminar be a well-publicized event.

The local operators could then build on this base of information through small groups or outreach programs to meet specific needs identified through client contact or through the public information sessions.

B) To increase the overall use of the products, it is recommended that Landscape Atlantic undertake a program promoting the fall planting season. This could also be covered in the spring education sessions. Initial material for this project could be developed in conjunction with either the Nursery Marketing Council, an affiliate of the American Association of Nurserymen in Washington D.C. or the Canadian Nursery Trades Association.

This research, and related research on the gardening industry, gives no evidence of a high level of consumer awareness of the possibilities of fall planting. This could contribute significantly to extending the income period for nursery operations and year round garden center operations.

C) It is also recommended that existing informational pamphlets be inventoried, reviewed and modified as needed by Landscape Atlantic. In this process the identification of existing resources will be very important. One should make an effort to inventory federal, provincial and trade material and make operators aware of these resources, if suitable for this region. Additionally, operators should be made aware of how to make this material available to customers. It would seem appropriate to develo informational material in conjunction with the education or community seminars.

D) A person or persons will have to be assigned the responsibility for the development and coordination of this approach. We would recommend that this person be employed by Landscape Atlantic and that s/he coordinate the overall efforts for the industry in the region.

2) INDIVIDUAL FIRM APPROACH

Based on the material collected, the primary source of referrals for firms in the industry is represented by current customers. However, one can extend this information to suggest that direct contact is the key to generating business. Given the current technology, we would recommend that the direct contact concept be tied to a direct mail approach. Today, one can target areas of high market potential (obviously new and developing areas of a community as a first step.) The key to the success of such an effort would involve the design of the approach and methods used for selecting specific areas. We would also recommend this approach as a way to follow-up with current customers. Firms are also encouraged to maintain up-to-date mailing lists for their customers.

Any nursery operation, and most garden centers, can build on the public's perception of these businesses as experts or sources of information. This is one of the more distinct advantages of these firms in the market place. This puts increasing emphasis on the need for trained and helpful staff and on the need to assess customer's problems before trying to make a sale. In selling, the current emphasis on marketing suggests that the satisfied customer is one who is sold the needed product--not the one who is sold just a product. This leads

directly to a greater sense of satisfaction which, in turn, can lead to the development of more referrals for the business.

Finally, it is recommended that firms consider ways in which to make their businesses more attractive to the consumer. For example, the customer may want to be able to observe lawn or yard areas or evidence of the results of landscape work. Having these available will ease the difficulty of the buying decision.

One has to remember that the competition is increasing and that requires the firm to adapt. Talking to the customers on a regular basis should be used as a means of marketing research. What do your customers expect from you...what would they like to have you do and what do they consider essential to them in developing the best plan for their lawns/yards?

The consumer market does represent a significant potential for the industry. However, that will reach its full potential only when the consumer is made more aware of the full range and possible uses for the products and services offered through this industry.

RECOMMENDATIONS RELATED TO THE LANDSCAPE INDUSTRY AND LANDSCAPE ATLANTIC

As has been demonstrated, the landscape industry in the Atlantic region has a significant potential for growth if certain potential opportunities can be realized. We believe that implementation of the following recommendations would assist in the realization of that potential:

1) Landscape Atlantic should become a more efficient and organized entity with the potential for becoming the main advocate for the development of the industry in this region. In order to do this we recommend that the organization develop both public and private monies to fund a full-time staff position. Initially this would be primarily a promotions staff position concentrating efforts on the implementation of the overall promotional plan suggested in this research.

The development of the funding for this position will require significant effort on the part of directors of Landscape Atlantic. The development plan for raising needed money should be the first task undertaken by the board. It is recommended that it consider some type of levy on members as a part of the funding and that additional resources be obtained from either an employment program, an economic development program or some other source. Because of the need for the development of promotional materials, some funds may be generated through the different agri/food agreements in the four provinces.

Once members of the industry begin to see more tangible output from Landscape Atlantic one should expect a significant increase in membership. The staff person could also assist in the development of membership and on-going needs assessments.

2) The research identifies some specific actions for which we recommend Landscape Atlantic should become an advocate:

There is a defined need for an increase in the level of extension support at the provincial level. This would involve two separate areas: technical services to nurseries, and educational/consumer

related services to industry participants and the public at large. The responses of the industry suggest the need for additional positions in each province. These additional provincial resource people would serve as a complement to existing federal resources.

3) The respondents in this survey also indicated the need for assistance in two business related functions: managerial and personnel training. It would appear logical to have this be a joint function of Landscape Atlantic and the different levels of government. It would seem logical that Landscape Atlantic be involved in developing training programs. This shared function would involve both the development and financing of the needed training programs. Certainly specialists in operations are available through national associations and through government departments or divisions. A well designed development program including overall management and personnel could be self-sufficient in the long run.

4) For the different sectors indicated we recommend that a master list of regional stock be developed as a resource for landscape architects, contractors and government buyers. This could be both a source of information and a source of sales for the firms involved in the effort. This would also serve as a means of bridging existing gaps between the different sectors of the industry. It could also serve to reduce the complaints about the materials recommended and used throughout the industry. The directory developed through this project should be distributed to participants in the industry and to others who have a direct or potential influence on the industry.

5) Currently Statistics Canada prepares biennial reports on the landscape industry. Based on the information received from participants in the study, these reports seem to significantly understate the economic value of the landscape industry. This understatement is a direct result of the low industry response to Statistics Canada information requests, and to the fact that Statistics Canada makes no projections of industry size/volume from the data collected.

Because of the limited applicability of this information, it is recommended that Statistics Canada be encouraged to do either of the following:

A) Increase efforts to achieve a more detailed industry census and make projections regarding volume and impact.

B) Cease the publication of biennial reports which understate the size/volume of the industry so significantly.

6) The scope of the tasks to be accomplished suggest the need for the more global approach inherent in a regional organization. It is our opinion that the impact of the industry on the region as a whole presents a far stronger force than the impact of an industry in any one province. Therefore, it is suggested that the recommendations developed from this research effort be addressed on a regional basis and that Landscape Atlantic not place emphasis on decentralization to local chapters.

7) Finally, we would recommend that Landscape Atlantic reach out to the different sectors of this industry and act as a coordinator for these different sectors. One has to remember that competition is the key factor for many businesses, but the development of good relations between buyers and suppliers is the key to long term business development. From the research information collected, it is apparent that the growth of the overall industry in this region will be the direct result of an integrated and coordinated effort by the distinct groups within the industry.